



January 13, 2004

HOUSE BILL No. 1007

DIGEST OF HB 1007 (Updated January 7, 2004 8:42 pm - DI 92)

Citations Affected: IC 6-1.1; noncode.

Synopsis: Property tax credits and deductions. Allows a property owner to determine the year in which a five year residential rehabilitation property tax deduction period begins and allows a property owner to revive a deduction not taken for the assessment date in 2003 or an earlier year. Provides a property tax credit, phased out over four years, based on the amount by which a tax increase resulting from a general reassessment exceeds 75%. Provides a property tax credit to a homestead owner equal to the lesser of \$2,000 or the amount by which property taxes exceed a percentage of the owner's adjusted gross income. Specifies that the assessed value of the homestead may not exceed \$180,000, and that the owner must have owned the homestead for at least five years.

Effective: Upon passage; July 1, 2004.

Orentlicher, Adams T, Porter

December 4, 2003, read first time and referred to Committee on Ways and Means.
January 12, 2004, amended, reported — Do Pass.

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HB 1007—LS 6603/DI 52+



January 13, 2004

Second Regular Session 113th General Assembly (2004)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2003 Regular Session of the General Assembly.

HOUSE BILL No. 1007

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-12-19 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 19. **(a) Except as**
3 **provided in subsection (b),** the deduction from assessed value
4 provided by section 18 of this chapter is first available in the year in
5 which the increase in assessed value resulting from the rehabilitation
6 occurs and ~~shall continue~~ **continues** for **each of the immediately**
7 **following four (4) years in the sixth (6th) year;** ~~the county auditor shall~~
8 ~~add the amount of the deduction to the assessed value of the real~~
9 ~~property; which the property owner remains the owner of the~~
10 **property as of the assessment date.**

11 **(b) A property owner may:**

12 **(1) in a year after the year referred to in subsection (a), obtain**
13 **a deduction that:**

14 **(A) would otherwise first apply for the assessment date in**
15 **2004 or a later year; and**

16 **(B) was not made to the assessed value for any year; or**

17 **(2) obtain a deduction that:**

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(A) would otherwise have first applied for the assessment date in 2003 or an earlier year; and

(B) was not made to the assessed value for any year.

If the property owner obtains a deduction under this subsection, the deduction applies in the year for which the application is filed and continues for each of the immediately following four (4) years in which the property owner remains the owner of the property as of the assessment date.

(c) A general reassessment of real property which occurs within the five (5) year period of the deduction does not affect the amount of the deduction.

SECTION 2. IC 6-1.1-12-20, AS AMENDED BY P.L.90-2002, SECTION 111, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 20. (a) A property owner who desires to obtain the deduction provided by section 18 of this chapter must file a certified deduction application, on forms prescribed by the department of local government finance, with the auditor of the county in which the rehabilitated property is located. The application may be filed in person or by mail. If mailed, the mailing must be postmarked on or before the last day for filing. Except as provided in subsection (b) or (c), the application must be filed before May 10 of the year in which the addition to assessed value is made.

(b) If notice of the addition to assessed value for any year is not given to the property owner before April 10 of that year, the application required by ~~this section~~ subsection (a) may be filed not later than thirty (30) days after the date ~~such a~~ the notice is mailed to the property owner at the address shown on the records of the township assessor.

(c) **An application for a deduction referred to in section 19(b) of this chapter with respect to an assessment date must be filed before the May 10 that next follows the assessment date.**

(d) The application required by this section shall contain the following information:

- (1) A description of the property for which a deduction is claimed in sufficient detail to afford identification.
- (2) Statements of the ownership of the property.
- (3) The assessed value of the improvements on the property before rehabilitation.
- (4) The number of dwelling units on the property.
- (5) The number of dwelling units rehabilitated.
- (6) The increase in assessed value resulting from the rehabilitation. ~~and~~
- (7) The amount of deduction claimed.

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~~(d)~~ (e) A deduction application filed under this section is applicable for:

- (1) the year ~~in for~~ which the ~~increase in assessed value occurs~~ **deduction application is filed**; and for
- (2) ~~each of~~ the immediately following four (4) years ~~in which the property owner remains the owner of the property as of the assessment date~~;

without any additional application being filed.

~~(e)~~ (f) On verification of an application by the assessor of the township in which the property is located, the county auditor shall make the deduction.

SECTION 3. IC 6-1.1-12-23, AS AMENDED BY P.L.129-2001, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 23. (a) **Except as provided in subsection (b),** the deduction from assessed value provided by section 22 of this chapter is first available ~~after the first assessment date following in the year in which the increase in assessed value resulting from the rehabilitation occurs and shall continue~~ **continues** for the taxes first ~~due and payable in each of the immediately following five (5) four (4) years in the sixth (6th) year; the county auditor shall add the amount of the deduction to the assessed value of the property: which the property owner remains the owner of the property as of the assessment date.~~

(b) A property owner may:

- (1) in a year after the year referred to in subsection (a), obtain a deduction that:

(A) would otherwise first apply for the assessment date in 2004 or a later year; and

(B) was not made to the assessed value for any year; or

- (2) obtain a deduction that:

(A) would otherwise have first applied for the assessment date in 2003 or an earlier year; and

(B) was not made to the assessed value for any year.

If the property owner obtains a deduction under this subsection, the deduction applies in the year for which the application is filed and continues for each of the immediately following four (4) years in which the property owner remains the owner of the property as of the assessment date.

(c) Any general reassessment of real property which occurs within the five (5) year period of the deduction does not affect the amount of the deduction.

SECTION 4. IC 6-1.1-12-24, AS AMENDED BY P.L.90-2002,

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SECTION 113, IS AMENDED TO READ AS FOLLOWS
[EFFECTIVE UPON PASSAGE]: Sec. 24. (a) A property owner who
desires to obtain the deduction provided by section 22 of this chapter
must file a certified deduction application, on forms prescribed by the
department of local government finance, with the auditor of the county
in which the property is located. The application may be filed in person
or by mail. If mailed, the mailing must be postmarked on or before the
last day for filing. Except as provided in subsection (b) **or (c)**, the
application must be filed before May 10 of the year in which the
addition to assessed ~~valuation~~ **value** is made.

(b) If notice of the addition to assessed ~~valuation~~ **value** for any year
is not given to the property owner before April 10 of that year, the
application required by ~~this section~~ **subsection (a)** may be filed not
later than thirty (30) days after the date such a notice is mailed to the
property owner at the address shown on the records of the township
assessor.

**(c) An application for a deduction referred to in section 23(b) of
this chapter with respect to an assessment date must be filed before
the May 10 that next follows the assessment date.**

(d) The application required by this section shall contain the
following information:

- (1) The name of the property owner.
- (2) A description of the property for which a deduction is claimed
in sufficient detail to afford identification.
- (3) The assessed value of the improvements on the property
before rehabilitation.
- (4) The increase in the assessed value of improvements resulting
from the rehabilitation. ~~and~~
- (5) The amount of deduction claimed.

~~(d)~~ **(e)** A deduction application filed under this section is applicable
for:

- (1) the year in for which the addition to assessed value is made
deduction application is filed; and in**
- (2) each of the immediate immediately following four (4) years
in which the property owner remains the property owner as
of the assessment date;**

without any additional application being filed.

~~(e)~~ **(f)** On verification of the correctness of an application by the
assessor of the township in which the property is located, the county
auditor shall make the deduction.

SECTION 5. IC 6-1.1-17-1, AS AMENDED BY P.L.90-2002,
SECTION 147, IS AMENDED TO READ AS FOLLOWS



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[EFFECTIVE JULY 1, 2004]: Sec. 1. (a) On or before August 1 of each year, the county auditor shall send a certified statement, under the seal of the board of county commissioners, to the fiscal officer of each political subdivision of the county and the department of local government finance. The statement shall contain:

(1) information concerning the assessed valuation in the political subdivision for the next calendar year;

(2) an estimate of the taxes to be distributed to the political subdivision during the last six (6) months of the current calendar year;

(3) the current assessed valuation as shown on the abstract of charges;

(4) the average growth in assessed valuation in the political subdivision over the preceding three (3) budget years, excluding years in which a general reassessment occurs, determined according to procedures established by the department of local government finance; ~~and~~

(5) information concerning credits applicable under IC 6-1.1-21-5.7 and IC 6-1.1-21-5.8 to taxes first due and payable in the next calendar year; and

(6) any other information at the disposal of the county auditor that might affect the assessed value used in the budget adoption process.

(b) The estimate of taxes to be distributed shall be based on:

(1) the abstract of taxes levied and collectible for the current calendar year, less any taxes previously distributed for the calendar year; and

(2) any other information at the disposal of the county auditor which might affect the estimate.

(c) The fiscal officer of each political subdivision shall present the county auditor's statement to the proper officers of the political subdivision.

(d) The officers of a political subdivision shall adjust the assessed value used in setting rates for the taxes first due and payable in a calendar year in which credits apply under IC 6-1.1-21-5.7 and IC 6-1.1-21-5.8 to eliminate or minimize levy reductions that would otherwise result from the application of those credits.

SECTION 6. IC 6-1.1-21-5.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS
[EFFECTIVE JULY 1, 2004]: Sec. 5.7. (a) The following definitions apply throughout this section:

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(1) "General reassessment" refers to a general reassessment of real property under IC 6-1.1-4-4.

(2) "Homestead" has the meaning set forth in IC 6-1.1-20.9-1(2).

(3) "Net property tax bill" means the amount of property taxes currently due and payable in a particular calendar year after the application of all deductions and credits, except for the credit provided by this section, as evidenced by the tax statements referred to in IC 6-1.1-22-8.

(4) "Qualifying homestead" means a homestead for which:

(A) the amount of the net property tax bill for the tax liability referred to in subdivision (5)(B) is at least one hundred seventy-five percent (175%) of the amount of the net property tax bill for the tax liability referred to in subdivision (5)(A); and

(B) the difference between:

(i) the assessed value on which the tax liability referred to in subdivision (5)(A) is based; and

(ii) the assessed value on which the tax liability referred to in subdivision (5)(B) is based;

is attributable only to the general reassessment and not to any other factor that affects the assessed value.

(5) "Qualifying individual" means an individual who:

(A) is liable for the payment of property taxes on a homestead in the calendar year that immediately precedes the calendar year in which property taxes are first due and payable based on a general reassessment; and

(B) is liable for the payment of property taxes on the homestead in the calendar year in which property taxes are first due and payable based on a general reassessment.

(b) A qualifying individual may receive a credit against the net property tax bill with respect to the individual's qualifying homestead in:

(1) the calendar year in which property taxes are first due and payable based on a general reassessment; and

(2) subsequent calendar years;

as provided in subsections (c) through (e).

(c) If the tax liability referred to in subsection (a)(5)(B) is at least one hundred seventy-five percent (175%) but less than two hundred fifty percent (250%) of the tax liability referred to in subsection (a)(5)(A), the amount of the credit is the percentage from the following table multiplied by the amount by which the tax

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liability referred to in subsection (a)(5)(B) exceeds the tax liability referred to in subsection (a)(5)(A):

YEAR IN RELATION TO THE YEAR OF TAX LIABILITY UNDER SUBSECTION (a)(5)(B)	PERCENTAGE
Current year	50%
First following year	0%

(d) If the tax liability referred to in subsection (a)(5)(B) is at least two hundred fifty percent (250%) but less than three hundred twenty-five percent (325%) of the tax liability referred to in subsection (a)(5)(A), the amount of the credit is the percentage from the following table multiplied by the amount by which the tax liability referred to in subsection (a)(5)(B) exceeds the tax liability referred to in subsection (a)(5)(A):

YEAR IN RELATION TO THE YEAR OF TAX LIABILITY UNDER SUBSECTION (a)(5)(B)	PERCENTAGE
Current year	67%
First following year	33%
Second following year	0%

(e) If the tax liability referred to in subsection (a)(5)(B) is at least three hundred twenty-five percent (325%) of the tax liability referred to in subsection (a)(5)(A), the amount of the credit is the percentage from the following table multiplied by the amount by which the tax liability referred to in subsection (a)(5)(B) exceeds the tax liability referred to in subsection (a)(5)(A):

YEAR IN RELATION TO THE YEAR OF TAX LIABILITY UNDER SUBSECTION (a)(5)(B)	PERCENTAGE
Current year	75%
First following year	50%
Second following year	25%
Third following year	0%

(f) The county auditor shall compute and apply the credit under this section for each qualifying individual entitled to the credit.

(g) If the qualifying individual resides in the homestead with the individual's spouse, those individuals are together entitled to one (1) credit under this section for the homestead.

SECTION 7. IC 6-1.1-21-5.8 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 5.8. (a) The following definitions apply throughout this section:**

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(1) "Adjusted gross income" has the meaning set forth in IC 6-3-1-3.5.

(2) "Dwelling" has the meaning set forth in IC 6-1.1-20.9-1(1).

(3) "Homestead" has the meaning set forth in IC 6-1.1-20.9-1(2).

(4) "Household income" means the combined adjusted gross income of the qualifying individual and the individual's spouse.

(5) "Net property tax bill" means the amount of property taxes currently due and payable in a particular calendar year after the application of all deductions and credits, except for the credit provided by this section, as evidenced by the tax statement referred to in IC 6-1.1-22-8.

(6) "Qualifying individual" means an individual who is liable for the payment of property taxes on a qualifying homestead.

(7) "Qualifying homestead" means a homestead:

(A) that a qualifying individual owned; or

(B) on which a qualifying individual assumed liability for the payment of property taxes;

at least five (5) years before the assessment date for the homestead in the year for which the individual wishes to obtain the credit under this section, and that has an assessed value of not more than one hundred eighty thousand dollars (\$180,000) as of the assessment date for the homestead in the year that immediately precedes the year for which the individual wishes to obtain the credit under this section.

(8) "Taxable year" has the meaning set forth in IC 6-3-1-16.

(b) Except as provided in subsection (c), each year a qualifying individual may receive a credit against the net property tax bill on the individual's qualifying homestead. The amount of the credit to which a qualifying individual is entitled equals the lesser of two thousand dollars (\$2,000) or the remainder of:

(1) the amount of the net property tax bill without the application of the credit provided by this section; minus

(2) the following percentage of the qualifying individual's adjusted gross income for the qualifying individual's most recent taxable year that ends before the date on which the claim is filed under subsection (d):

(A) Five percent (5%) if the adjusted gross income is less than twenty thousand dollars (\$20,000).

(B) Seven percent (7%) if the adjusted gross income is at least twenty thousand dollars (\$20,000) but less than fifty thousand dollars (\$50,000).

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(C) Nine percent (9%) if the adjusted gross income is at least fifty thousand dollars (\$50,000) but less than seventy-five thousand dollars (\$75,000).

(c) If the qualifying individual resides in the qualifying homestead with the individual's spouse, those individuals are together entitled to one (1) credit under this section for the qualifying homestead. The amount of the credit is determined under subsection (b), except that the household income is substituted for the qualifying individual's adjusted gross income.

(d) An individual or an individual and the individual's spouse who desire to claim the credit provided by this section must file a certified statement in duplicate, on forms prescribed by the department of local government finance, with the auditor of the county in which the qualifying homestead is located. With respect to real property, the statement must be filed during the twelve (12) months preceding May 11 of the year before the year for which the individual wishes to obtain the credit under this section. For a mobile home that is not assessed as real property or a manufactured home that is not assessed as real property, the statement must be filed during the twelve (12) months preceding March 2 of the year for which the individual wishes to obtain the credit under this section. The statement must contain the following information:

(1) The full name or names and complete address of the qualifying individual or the qualifying individual and the individual's spouse.

(2) A description of the qualifying homestead.

(3) The amount of:

(A) the qualifying individual's adjusted gross income referred to in subsection (b)(1)(B); or

(B) if subsection (c) applies, the household income referred to in subsection (c) of the qualifying individual and the individual's spouse.

(4) The name of any other county and township in which the qualifying individual or the individual's spouse owns or is buying on contract:

(A) real property; or

(B) a:

(i) mobile home; or

(ii) manufactured home;

that is not assessed as real property.

(5) The record number and page where the contract or

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1 memorandum of the contract is recorded if the qualifying
2 homestead is under contract purchase.

3 (6) Any other information required by the department of local
4 government finance.

5 (e) The auditor of a county with whom a statement is filed under
6 subsection (d) shall immediately prepare and transmit a copy of
7 the statement to the auditor of any other county if the qualifying
8 individual who claims the credit or the qualifying individual's
9 spouse owns or is buying property located in the other county as
10 described in subsection (d)(4). The auditor of the other county
11 described in subsection (d)(4) shall note on the copy of the
12 statement whether a credit has been claimed under this section for
13 a qualifying homestead located in the auditor's county. The auditor
14 shall then return the copy to the auditor of the first county.

15 (f) If a proper credit statement is filed under subsection (d), the
16 county auditor shall allow the credit and shall apply the credit
17 equally against each installment of property taxes. The county
18 auditor shall include the amount of the credit applied against each
19 installment of property taxes on the tax statement required under
20 IC 6-1.1-22-8.

21 (g) If an individual knowingly or intentionally files a false
22 statement under this section, the individual must pay the amount
23 of any credit the individual received because of the false statement,
24 plus interest at the rate of ten percent (10%) per year, to the
25 county auditor for distribution to the taxing units of the county in
26 the same proportion that property taxes are distributed.

27 SECTION 8. IC 6-1.1-21-7 IS AMENDED TO READ AS
28 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 7. (a) Notwithstanding
29 IC 6-1.1-26, any taxpayer who is entitled to a credit under this chapter
30 or who has properly filed for and is entitled to a credit under
31 IC 6-1.1-20.9, and who, without taking the credit, pays in full the taxes
32 to which the credit applies, is entitled to a refund, without interest, of
33 an amount equal to the amount of the credit. However, if the taxpayer,
34 at the time a refund is claimed, owes any other taxes, interest, or
35 penalties payable to the county treasurer to whom the taxes subject to
36 the credit were paid, then the credit shall be first applied in full or
37 partial payment of the other taxes, interest, and penalties and the
38 balance, if any, remaining after that application is available as a refund
39 to the taxpayer.

40 (b) Any taxpayer entitled to a refund under this section **other than**
41 **a refund based on the credit under section 5.7 or 5.8 of this chapter**
42 shall be paid that refund from proceeds of the property tax replacement

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1 fund. However, with respect to any refund attributable to a homestead
2 credit, the refund shall be paid from that fund only to the extent that the
3 percentage homestead credit the taxpayer was entitled to receive for a
4 year does not exceed the percentage credit allowed in
5 IC 6-1.1-20.9-2(d) for that same year. Any refund in excess of that
6 amount shall be paid from the county's revenue distributions received
7 under IC 6-3.5-6.

8 (c) The state board of accounts shall establish an appropriate
9 procedure to simplify and expedite the method for claiming these
10 refunds and for the payments thereof, as provided for in this section,
11 which procedure is the exclusive procedure for the processing of the
12 refunds. The procedure shall, however, require the filing of claims for
13 the refunds by not later than June 1 of the year following the payment
14 of the taxes to which the credit applied.

15 **SECTION 9. [EFFECTIVE UPON PASSAGE] IC 6-1.1-21-5.7 and**
16 **IC 6-1.1-21-5.8, both as added by this act, apply only to property**
17 **taxes first due and payable after December 31, 2004.**

18 **SECTION 10. An emergency is declared for this act.**

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1007, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 8, line 22, delete "two" and insert "**one**".

Page 8, line 22, delete "fifty" and insert "**eighty**".

Page 8, line 22, delete "(\$250,000)" and insert "**(\$180,000)**".

Page 8, line 30, delete "three" and insert "**two**".

Page 8, line 31, delete "(\$3,000)" and insert "**(\$2,000)**".

Page 8, line 38, delete "Four" and insert "**Five**".

Page 8, line 38, delete "(4%)" and insert "**(5%)**".

Page 8, line 40, delete "Six" and insert "**Seven**".

Page 8, line 40, delete "(6%)" and insert "**(7%)**".

Page 9, line 1, delete "Eight" and insert "**Nine**".

Page 9, line 1, delete "(8%)" and insert "**(9%)**".

and when so amended that said bill do pass.

(Reference is to HB 1007 as introduced.)

CRAWFORD, Chair

Committee Vote: yeas 17, nays 10.

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